

Economics of Information and Advertising: A Comparative Analysis in View of Conventional and Islamic Economics

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Abstract

Information has enormous influences to maximize the satisfaction of economic agents whereas advertising works as media to convey information to the market. Informative advertising makes consumers better off while persuasive or uninformative advertising worsens off them. This paper makes a comparison between Islamic and conventional theories of information and advertisements through the "Constructionist" approach. This paper reveals that, Islamic theories are more effective than the conventional theories, because Islamic economics scrutinizes the market in terms of both positive and normative sight. On the contrary, conventional theories evaluate the market in terms of positive view only and promote contemporary advertisement which uses some unfair means including women, nudity, sexual appeals, and misinformation which further creates serious social, cultural and ethical problems in market. This problem prolongs due to absent of ethics and Islamic principles in conventional business. This article illustrates that, since law is not worth enough to correct the market, so an integration of Islamic principles and ethics to conventional theories is needed to eliminate the information asymmetries in advertising. Furthermore, conventional theories have no cure to dishonesty like information manipulation whilst Islamic economics derived from the Quran and Hadith offers rewards and punishments for honesty and dishonesty in business transactions.

Keywords: Information, Advertisement, Conventional and Islamic economics, Quran, Hadith

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1. Introduction

Information has prodigious contributions in economics, to determine the utility and profit of the consumer and producer respectively. It can be defined as the data available to individuals, firms or governments at the time when economic decisions have to be taken. It concerns states of nature, technology, the decisions of other economic agents and one's own preferences and plans (Stiglitz 2000). However, advertisements are widely used technique to convey information of the products to the economic agents. It is defined as an activity designed to sell products and seeks to attract the attention of potential customers, inform them of the existence and attributes of a product, and persuade them to start or continue to buy it. It works via the media, that is, newspapers or television; by shop displays, posters or mail shots; or through the actual design of products themselves and their packaging (Stigler 1961).

1.1 The Gap between Conventional and Islamic Economics in Business Principles

In this paper, the term-'conventional economics' has been used as synonymous to the 'Capitalist and socialist or communist' economic system. 'Capitalism' promotes the consumer and producer with boundless freedom to maximize their utility and profit accordingly whereas 'communism' handing over the all economic power to the bureaucracy and induces the imbalanced allocation of resources ((Rice 1998, Akhtar et al, 2011). In addition, conventional economic system is just run by positive economics (explain the facts) and avoid the normative economics (value judgments, ethical precepts and norms of fairness) (Friedman 1979:19, Chapra 1995:29). As a result, in contemporary world, the firms and industries manipulate information to maximize their profit at the cost of consumer and also use unfair means such as women, nudity, sexual appeals, and false oaths through advertising to attract the consumers (Saeedet al., 2001). Conversely; Islamic economics combines the positive and normative economics in its principles to ensure the highest profit and welfare, for all economic agents including society. Hence, Islamic economics demotivates the businesses only for profit maximization. Allah says in The Holy Quran, "*Wealth and sons are attractiveness of the life of this world; but the things that endure, good deeds, are the best in the sight of Allah, as rewards, and best as the foundation for hopes* (Al-Quran, 18:46)."

Besides, in 'Islamic Business principles', a business must contain some fundamental attribute such as truthfulness, politeness and leniency in transactions, accurate information about measurements, quality, price and defects of the products, options to return the defected products, payments of zakat and donation (Al-Quran:83:2-7). There is no option of stealing, lying, fraud, swearing, over praising, hiding information, false oaths, nudity, falsehood in Islam (Al-Tirmidhi: 1211, 1215). Islam also offers rewards and punishments for honest and dishonest transactions. The holy Prophet (Peace Be upon Him) said, *'the truthful trustworthy merchant is with the Prophet (pbuh) on the Day of Resurrection* (Al-Tirmidhi: 1213). This paper compares both conventional and Islamic theories of information and advertisement, and then shows that, without ethics and Islamic principles, the misuse of information and advertisements may not be avoided to ensure the maximum welfare for the people. It also depicts that, Islamic information and advertisement theory is more effective than that of conventional economics.

1.2. Methodology

The "Constructionism" epistemology has been employed in this paper. The theories, opinions and arguments are constructed and evaluated in view of conventional and Islamic economic approach. Cakir (2008) pointed out that, Constructionist learning is highly motivated by the constructivist theory of learning and Constructivist theory offers the learning through which a single learner can build a particular model to know the world. On the other hand, Constructionism elucidates that, an individual can only effectively learn by connecting their tangible objective experiences with their cognitive interpretation (Piaget 1967). Besides, it does not accept the objective knowledge without human interpretation. Crotty (1998) further explains that there is no meaning of anything without mind. Saeed et al (2001) and Bari et al (2011) used the same epistemology to integrate ethics in business policy for the Muslim world clearly.

Besides, different books, research articles, theories and model have been reviewed to prepare this paper. For Islamic context, the citations have been taken from the Holy Quran and the Hadith of the prophet (pbuh).

1.3. Literature Review

Between the eighteenth and twentieth century, the economists including Adam Smith (1776), Marshall (1928), Weber (1925), Sismondi (1814), Mill (1848) and other antecedents were concerned about the problems of imperfect information, but not introduced any model to solve the problem of information asymmetry. In 1945, Hayek clearly pointed out the information problem in theoretical aspects through a competitive equilibrium model. Among other leading economists, Stigler (1961, 1983), Machlup (1962), Akerlof (1970), Spence (1973), Arrous (1964, 1973) and Stiglitz (1974, 1975) contributed to the development of Information economics (Bagwell 2001). Akerlof, Spence and Stiglitz got Nobel Prize for their formulae to correct the problem of market arisen by asymmetric information.

Stigler (1961) discussed the power of information, the nature of search to acquire information and searching cost of information. He also showed that how advertisement responds to costly information. Akerlof (1970) explicated the market mechanism by a superb comparison between the cases of asymmetric and symmetric information through the example of lemons (bad cars). Spence (1973) and Stiglitz (1975) introduced the "theory of signaling" and "theory of screening" to solve the adverse selection and moral hazard problem respectively. Stiglitz (2008) considered the advertisement as the market response to reduce the information gap.

At the turn of the different centuries, advertising was a fertile topic for economic research. Marshall (1890, 1919) presented an early idea of advertising economics. Like information economics, a good number of research has been done by the top economists including Chamberlin (1933), Robinson (1933), Kaldor (1950), Wilson (1967), Nelson (1974), Becker (1977, 1989), Luski (1988), Murphy (1989), Laffont (1992), Greene (1996) Bagwell and Ramey (1987, 1994, 2001) and so more (Bagwell:2001). Bagwell (2001) in his paper explicated the introduction, historical background, and theoretical as well as empirical analysis of advertising.

Similarly, Different research works in Islamic perspective have been conducted on advertising economics, but the works especially on information economics are very few in number. Furthermore, Islam has already designed the basic principles of information and advertisement through the Holy Qur'an and the Hadith of the Prophet Muhammad (pbuh) (Mannan1984:256-259).

During twentieth century, Islamic economists including Mannan (1970, 1984), Afzal (1980), Chapra (1996), Tahir, Ghazali, Omar, Agil, (1992), Kahf (1978), Sharif (1999), discuss the information issue in their books and articles respectively (Hamid 2009). Among the recent works, Mohsin et al. (2010) elucidated the offensive advertising from the viewpoints of Malaysian Muslim. The paper of Bari et al (2011) explained the advertisement from a Muslim world perspective while Akhter (2011) conducted the research on ethical issues in advertising in Pakistan. But the field of information economics had not yet been highlighted in these works.

However, my research work is different from the earlier researches that have been done. The aim of my research paper is to analyze the economic aspects of information and advertisement and thereby compare them in view to conventional as well as Islamic economic approach. It also demonstrates the significance of ethics in business.

2. Information and Advertising in Conventional Economics

2.1. Economics of Information: Theoretical Background in Conventional Approach

Information works as the most valuable and powerful resource between consumers and producer, Consequently, information economics has been emerged at about 1970, has unveiled the extent to which markets and other institutions process and convey information. And thereby affects an economic decision in an economy (Stigler 1983, Arrow 1999, Stiglitz, 2000).

However, the goal of Economic agents including both consumer and producer is to maximize utility and profit respectively. Each and every Economic agent desires information to maximize his state-dependent utility (Allen, 1990). Fundamentally, the knowledge or information of the relevant facts helps the people to coordinate their plan (Hayek, 1945). Moreover, the availability of information betters off an economic agent while asymmetric information makes him worse off (Akerlof, 1970). Asymmetric information is a situation, where each participant in a market knows some things the others do not, and does not know some things that other people do. Even the facts that people think they know will any case usually not be hundred percent correct.

Therefore, many of the problems like moral hazard and adverse selection of markets and other institutions arise from costly information, and many of their features are responses to costly information (Stiglitz, 2008).

The problems of adverse selection as well as moral hazard occur before and after the selling product respectively. Adverse selection occurs because of information asymmetries and difficulties in selecting customers'. For instance, adverse selection problem will be visible when a product of a company is selected by a certain group of people who offer the worst return for the company (Mas-Colell, 1995:436-445). Moral Hazard takes place when an individual alters his behavior and does not enter into a contract in good faith, provides misleading information about the product, or has an incentive to take unusual risks in a desperate attempt to earn a profit before the contract settles. In this transaction, the other party bears the cost of his activities instead of him (Krugman, 2009). Now, consider that, an insurance company faces the adverse selection problem in selecting the buyers, because the buyer of insurance knows better about himself than the insurance seller. If the client provides wrong information or conceals it, the insurer has nothing to do. On the contrary, after being insured, if the buyer be careless about his life style and hope that the cost of any damage of health will be borne by the insurer –then this will be an example of Moral Hazard for the company.

Akerlof (1970) discussed the effects of adverse selection problem in his paper and showed that how the lemons (bad cars) drive the good cars out the market, as a major cost of dishonesty. Michael Spence suggested the idea of signaling (e.g., Level of education can be a signal of an efficient job candidate) while Stiglitz offered the theory of screening (e.g., through the screening process, an employee can earn more than the other colleagues with same qualification) to solve the adverse selection problem and moral hazard problem respectively (Spence 1973, 2002, Stiglitz 1975, 2008).

2.2. Economics of Advertising: Theoretical Background

Stiglitz (2008) considered the reputations, advertising and Middlemen as three important market responses to costly information. Because customers believe that a reputed firm will not produce and sell bad product to cheat their customers while firms believe that a reputed worker will not shirk. The second response to imperfect information is advertising, because it provides direct information about the characteristics of a brand.

Information is generated by advertising because of consumer power in the product market. The nature of the power will vary significantly by search and experience qualities of the product. The consumer can determine the “search qualities” by inspection prior to purchase the brand such as the style of a dress and the qualities that are not determined prior to purchase are called “experience qualities” e.g., the taste of a brand of packed biscuit (Nelson 1974).

In addition, Identification of buyers and sellers through advertising reduces the cost of search drastically (Stigler 1961). Because information is costly, both producers and consumers must bear costs e.g., transportation and searching costs to acquire and disseminate information. Just as customers search for the lowest price and workers search for the highest wage, stores advertise to provide information to potential customers concerning the location, price, availability, and qualities of their products (Stiglitz, 2008).

2.3. Role and Nature of Advertising

Advertising plays a vital role to determine utility of the consumers. Marshall (1890, 1919) mentioned two roles of advertising. The first one is called constructive role when it provides information to consumers, so that they may satisfy their utility at lower cost. Whereas second one is combative role through which advertising may play a socially wasteful role, by offering little information and serving only to redistribute consumers from one firm to another.

By nature, Advertisement can be informative, Uninformative or persuasive. The informative advertising mainly affects demand by conveying information to its consumer and enables them to respond to price and quality differences (Ozga 1960, Stigler 1961). The advertised product thus faces a more elastic demand with lower prices in the presence of production scale economies. It indicates that advertised products are generally of high quality; even uninformative advertising may provide indirect information that the quality of the advertised product is high (Nelson, 1974). The probable reasons behind that are: First, the efficient (low-cost) firms like the demand expansion induced by advertising and thereby achieve the goal of demand expansion by offering low prices and high-quality products. Second, this advertising rekindles the experienced qualities of the product that encourages the firms to provide high-quality products for more repeat purchases.

Third, the target groups of the firms behind this advertising are those consumers who would value its product most and give preference to other products. The informative view holds further that the established firms use advertising to facilitate the entry of other firms instead of restriction because, it helps the new-entrants to provide price and quality information to consumers. In contrast, persuasive advertising generally reduces the elasticity of demand by changing minds, tastes and creating Brand loyalty (Robinson 1933). That advertising may dissuade the entry of other firms and be the causes of higher prices. In this case, Consumers are usually averse to buy new products of unknown quality because of heavy advertising with asymmetric information. This effect may be moderate if there are scale economies in advertising or production.

The above literature suggests that, informative advertising is expanding the product demand and supply promptly and more favorable for both consumers and producer compared to persuasive advertising. Besides, Chamberlin (1933) told that the net effect of advertising cannot be determine by theory alone, since the overall effect is influenced by the extents to which (i) advertising is informative or persuasive, and (ii). Scale economies in production and advertising exist.

2.4. The Costs of Dishonesty and Question of Ethics

Akerlof (1970) finds the costs of dishonesty arisen by asymmetric information in an economic transaction. These are - firstly, the bad or low quality product drives the good or high quality product out the market. Secondly, the dishonest dealings tend to drive honest dealings out of the market. Thirdly, purchaser is cheated, and finally, the loss incurred from driving legitimate business out of existence. It occurs in a market where goods are sold honestly or dishonestly; quality may be represented, or it may be misrepresented. In other way, to explain the effects of dishonesty, Schmalensee (1978, 1992) demonstrates that low-quality brands may advertise more, if consumers are responsive to advertising and a sufficient cost difference exists between high- and low-quality productions. Even a low quality firm may make the consumers fool through advertising and obtain the high quality price. Though Kihlstrom and Riordan (1984) think that, these deceptions by a dishonest firm usually not sustain due to the experience qualities of the products (Bagwell 2001). Similarly, advertising may make consumers less price sensitive by manipulating their tastes and desires, and pressures the market to move further from perfect competition towards imperfect competition.

This makes the consumer worse off; because perfect competitive market generates more output than the imperfect competitive market (Varian, 2010:447-448).

Now, it can be said that, Because of individual's boundless freedom in free market economy, the conventional economics has not yet made any fundamental principles of information and advertising economics. To disseminate the proper information, to make effective the huge advertisement expenditures and to avoid the negligence of social as well as moral aspects, an integration of ethics in business is inevitable. Singh (1998) found that the core problem in contemporary advertisement is the absence of any plausible code of ethics. Ethics can be defined as the moral principles that make a distinction between right and wrong and between good and bad (Beekun, 1997: P 2). The reason behind that, laws are not always effective to overcome a problem and left some areas untouched to apply other attempts (Weiss, 2003). For instance, telling a lie is not considered a crime or an illegal act in Law but considered an unethical act that can create many social problems.

3. Information and Advertising in Islamic Economics

3.1. Economics of Information: Islamic Approach

Information is also the most valuable and powerful resource in Islamic economics, in some extent more than the conventional economics, since Islam reckons it as the prime condition of the Barakah (blessing) in a transaction. In Islamic economics, information is the fundamental right of all economic agents. In addition, it is obligatory for both consumer and seller to be honest, truthful to reveal appropriate information as foremost responsibility. The Prophet (pbuh) said: *"The seller and the buyer have the option to accept or cancel the transaction until they part it; and if both parties spoke the truth and described the defects and qualities (of the goods), then they would be blessed (Barakah) in their transaction, and if they told lies or hid something, then the blessings of their transaction would be lost (Al-Bukhari, 3:293).* So there is no option of asymmetric information in Islamic economics, because here, concealing information or over-praising a product is strictly prohibited. The Prophet (pbuh) said: *"Try not to praise products to other, the swearing may persuade the buyer to purchase the goods but that will be deprived of Allah's blessing (Al-Bukhari-3:300,301).*

Furthermore, the scope of asymmetric information arises if the economic agents try to exaggerate or conceal information or tell a lie in a transaction. Similarly the problem of adverse selection and moral-hazard occurs for the same reasons. But cheating and lying is austerely forbidden in Islam.

Abdullah-bin-Umar Narrated: *A person came to the Prophet and told him that he was always betrayed in purchasing. The Prophet told him to say at the time of buying, "No cheating"* (Al-Bukhari-3:328). The prophet (pbuh) compared a liar to a hypocrite and said *"The sign of a hypocrite are three 1. Telling a lie. 2. Breaking the promises. 3 disloyalties"* (Al-Bukhari-1:32).

Islam incorporates the fairness and justice as necessary and sufficient condition for a safe transaction to abolish the option of information gap, and thereby ensures maximum welfare for all economic agents. Fairness refers to the features and quality that is being informed and perceived by the people, should be there in the product and justice means the handing over the right product to people as informed before. Allah says, *"Standout firmly for justice, as witnesses to Allah, even though it be against yourself, or your parents, or your kin, be he rich or poor"* (Al-Quran-4:135). According to Islamic economics, the seller of lemon, in Akerlof's model, must disclose the defects of it, even in fear of loss in business, otherwise he will be ruined. The Prophet (pbuh) said *"whosoever sells a defective product without disclosing its defect to purchaser, shall earn the permanent anger of Allah and the angels continuously curse the person"* (Ibn-Majah-3:2247). He also said, *"The merchants would be raised on the Day of Resurrection as sinners, except those who fear Allah and are pious and truthful"* (Al-Tirmidhi: 1214). So in an Insurance market, if buyer of insurance hides information about himself to gain, it will be Haram and illegal income for him.

3.2. Economics of Advertising: Islamic Approach

3.2.1. The Role of Advertising

In Islamic economics, advertising is neither condemned nor accepted in a very high esteem (Mannan-1970: 206-208). Besides, it is ratified with respect to some conditions. Marshall (1890, 1919) told about two roles- constructive role and combative role of advertising. The constructive role might be achieved through informative advertising. Islam strongly supports it for educating the customers and it is consistent with Islamic principles of beneficence; Islamic economics assumed that an Islamic firm always seeks to minimize the imperfection of market as far as practicable.

Besides, all forms of economic exploitation including the advertisements as artificial barriers to entry to earn abnormal-profit are not permissible in Islam (Mannan, 1970). So Islam permanently welcomes this role for its welfare mode.

However, the aggressive or uninformative advertisements intended to deceive or manipulate the demand is clearly against the spirit of Islam; it involves the wastages of resources and implies its misallocation (Mannan-1984). Moreover, any valid economic activity of the market which may cause moral and social degradation from Islamic viewpoint will not be permitted in Islam (Ibn-Qayyim-1955). So the advertisements that produce wasteful role and harmful outcome for society are unlawful in Islam. The prophet (pbuh) said; *Allah will neither speak to, nor look at, nor absolve from the impurity of their sins of three types of persons; they shall be ruined. One of these is 'who sells goods by false oaths* (Reported by Abu Dhār in Muslim, Mannan1970).

3.2.2. Nature of Advertising: Informative Advertising

Islamic economics allows informative advertising to educate consumers about the product. Islam says that, both positive and negative information of the product must be disclosed through advertising and misleading information should be avoided (Al-Quran-83:2-7). It also concerned about "*the rights of the consumer to complain against the product if they are deceived*" (Ibn-Majah-3:2199). Any false oaths on warranty or guaranty have been reckoned as a sin and cheating. The Prophet (pbuh) said, *He who cheats is not one of us* (Ibn Majah-3:2224). He also said: Allah says: "*I make a third with two partners as long as one of them does not cheat the other, but when he cheats him, I depart from them* (Abu-Dawud-22:3377).

It is usually seemed that, the searching costs of consumer decrease due to advertisement of the product, but the actual fact is totally reversed (Mannan-1984). The producers directly or indirectly shift the advertising expenditure on the shoulder of consumers, and force the consumer to finance the expenditures without their consents (Hamid-2009). Instead, Islam never permits the activities of extravagances and wastefulness and recommends that advertising should be brief and to the point, concisely describing the product without going to extremes that may be the cause of price hike. Allah says: "*and waste not by extravagance. Verily, He likes not Al-Musrifoon (extravagant).*" (Al-Quran-6:141) and "*But spend not in the manner of a spendthrift. Verily, the spendthrifts are brothers of the Shayaateen (devils)*" (Al-Quran-17:26-27)

3.2.3. Persuasive Advertising

The Prophet said, *"A time will come when one will not care how one gains one's money, legally or illegally"* (Al-Bukhari-3:275). Since, Persuasion is haram (illegal) and harmful for the society, persuasive advertising is forbidden in Islam permanently (Al-Bukhari-3:300). In contrast, the scene is reversed in the contemporary advertising; it uses different tools and ways of persuasion to attract the consumers. Among these, women, Nudity, obscenity, sexual appeals, Music, song, lie, bluntness, and exaggeration, incomplete or imperfect information, against social, cultural and religious norms-are mostly used tools in the world (Saeed et al., 2001). These tools are strictly prohibited in Islam (Al-Bukhari-1:17, 23). The glamorous Women are vastly used in advertising by exposing their body parts just to enhance the attention of consumer to the products (Akhtar et al., 2011). Alarmingly, such types of obscenity and nudity captured the advertising industry through the scene of short dressed women, women's bathing, excited song, free mixing of men-women, private moment of men-women and so more (Chachula et al., 2009). Islam allowed women to partake in business activities, but not to mislead people by emotional and sexual stimulation. For a woman in Islam is not allowed to show any part of the body except face, hands and feet. Allah says *"Say to the believing men and women that they restrain their looks and guard their private parts. That is purer for them"* (Al-Quran-24:31-32). Moreover, *the Prophet (pbuh) prohibited the prices and earnings of singing girls* (Al-Tirmidhi-14:1286).

The advertisements and the advertised products having the idea, spur, and scene, against social, cultural, moral and religious norms are sternly forbidden in Islam. The Prophet (pbuh) said; *'every intoxicant is harmful and forbidden in Islam* (Abu-Dawud-26:3672) and also said-*bashfulness (Haya) is a part of faith. The term-"Haya" means self-respect, modesty, bashfulness, and scruple, etc.* ((Al-Bukhari-1:8). From the intention of social norms, Islam bans the advertisements of controversial products, services and concepts such as Alcohol, cigarettes, female contraceptives, male and female under garments, condoms, dogs, tattoo, pornography, prostitution, unconventional sexual practices etc. (Waller et al. 2005).v *The Prophet (pbuh) forbade the sale of wine, dead animals, pigs and idols, game of chance(Gambling), card playing, the price of blood and dogs and earnings of a prostitute and singer* (Al-Tirmidhi-14: 1283-1286).

3.3. The Costs of Dishonesty: Islamic Cure

In Islamic economics, the goal of consumer and producer is to maximize the utility and profit with social welfare instead of only utility and profit maximization in conventional economics. Islamic economics assumes that, they will consider the advantages and disadvantages of each-other (Tahir et al-1992, p-77-127). In addition, Islam also offers the rewards and punishments for honesty and dishonesty in worldly as well as hereafter life. The Prophet (pbuh) said: *No flesh which has grown out of unlawful things has got better claim to Hell-fire* (reported by Jaber, Musnad-Ahmad,-Sharif-1999, p-50-55). Hence, Islam emphasizes more on hereafter life than the worldly (Al-Quran-3:77). Prophet said: *Be moderate in seeking worldly things, don't engage fully in worldly gain that may drive away you from Hereafter life* (Ibn-Majah-3:2142).

Akerlof (1970) showed that, the lemon (bad cars) drive the good cars out the market –is the cost of dishonesty. But in Islam, there is no option to deceive or to be deceived, to be a liar or be a victim, to conceal or overstate information of the product. The income from such types of cheating and unethical business activities will be considered as illegal or Haram (Al-Quran.2:188). The Prophet said: *A body, nourished by unlawful thing shall not enter Paradise* (Hadith of Abu-Bakr, Baihaqi, Sharif 1999). He again said, surely devil and sin are present in buying and selling. So blend it with sadaqah (donation) (Tirmidhi 3:1212). The Messenger also warns that: *Who purchases a cloth with ten dirhams wherein one dirham is unlawful; the Allah shall not accept his prayer* (Hadith of Ibn-Omar Musnad-Ahmad, Sharif 1999). According to Islam, in the example of lemon, a seller will definitely expose the defects of the cars. If the seller, due to dishonesty or unintentionally, failed to reveal any defects of the products to buyers, must be revealed later. He must also replace the lemon if the buyer comes back. The prophet said: *"Whoever agrees with a Muslim to cancel a transaction, Allah will forgive his sins on the Day of Resurrection.* I.e. if the buyer wants to return the defected commodity; then seller should accept the request. It is a deed of great reward and moral duty but not a legal responsibility (Ibn-Majah-3:2199). He also said: *"Allah will admit to paradise a man who was lenient in selling and buying* (Ibn-Majah-3:2202).

Finally, it can be said that, Islamic information and advertising theory is more effective than that of conventional economics to rectify the anomalies of the market relating to information and advertisements. This implies that, Islamic economic system can ensure highest utility and profit of the consumer and seller respectively.

4. Summary of Discussions and Findings

In sum, conventional economics permits the market to operate freely where every economic man works for profit maximization. Due to lack of intervention and morality, economic agents manipulate information through persuasive and uninformative advertising to maximize profit. Recently, unethical ideas, means and conducts are highly used in advertising which worsen the market. As a result, dishonest business drives the honest business out the market. Thus conventional economics feel the need of moral filter. In contrast; Islam makes it mandatory to reveal correct information of the products while forbid the hiding information, misuse of women, nudity and deception in advertising. It also encourages the attributes like honesty, politeness, bashfulness and discourages the dishonesty like persuasion in business transactions. Moreover, rewards and punishments are also available for activities in Islam

The gist is- The outcome and welfare of all economic transactions are highly influenced by the information. An integration of ethics and Islamic principles to information can generates the highest possible profit and welfare for the society. The findings imply that, Islamic information and advertising theory is better than the conventional theory.

5. Limitation and Scope for Future Research

Information economics is a wide field in economics and Islam is the complete code of life. This paper is just an attempt to point out the Islamic information and advertising code and compare it to the conventional economics. But, to test the applicability of Islamic code, an empirical research is needed. In addition, the manipulation of information and the malpractices of advertising generate a lot of social, moral and cultural problem in the world. This paper highlights only a small number of them. A deep research on Quran and Hadiths of Prophet Muhammad (PBUH) is necessary to implement it for the society.

Conclusion

The integration of Islamic principles with the conventional economics is necessary to make the information safe and accurate to maximize the social welfare through an efficient allocation of resources. The wide application of Islamic economic principles can remove the misuse of information and advertisements in business all activities. Besides, the findings of this paper appeal that, normative analysis should be included in conventional economics to rectify the anomalies of information and advertising and thereby it may generate highest level of welfare for the society.

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